

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6104

BILL NUMBER: HB 1170

DATE PREPARED: Feb 9, 2001

BILL AMENDED: Feb 8, 2001

SUBJECT: Staggered Motor Vehicle Registration Dates.

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill: 1) revises the schedule for registration of motor vehicles on a staggered basis throughout the year; 2) places a five-year moratorium on closing license branches; 3) provides that a driver's license or permit and a state identification card must bear a photograph or a computerized image of the bearer; 4) provides that an individual may apply for renewal of several types of licenses by mail or electronic service under certain circumstances; 5) establishes the State Motor Vehicle Technology Fund. It provides that \$1 from service charges from various Bureau of Motor Vehicle transactions be allocated to the Fund; 6) allows for cross-county vehicle registration in any year; 7) abolishes the Bureau of Motor Vehicles Commission and transfers its duties to the Bureau of Motor Vehicles or the Commissioner of the Bureau of Motor Vehicles; 8) makes various other changes to the administration of the Bureau of Motor Vehicles.

Effective Date: January 1, 2003.

Explanation of State Expenditures: (Revised) *1) The bill revises the schedule for registration of motor vehicles on a staggered basis throughout the year.*

For the Bureau of Motor Vehicles (BMV), there will be costs associated with the implementation of this proposed change in registration schedule of motor vehicles. There will be computer changes estimated at \$21,250. Also, there will be training costs, but these are expected to be minimal. The fund affected is the Motor Vehicle Highway Account which supports the BMV.

Staggering of vehicle registration dates will have the effect of redistributing peak customer volume for registration from nine times per year to 18 times per year, in effect halving the customer volume for vehicle registration at certain times of the year. Although the ultimate impact on staffing levels is not known, this provision will redistribute the workload and, potentially, affect the staffing requirements in some license branches.

2) *Five-year moratorium on closing license branches.*

The funds affected are the Motor Vehicle Highway Account, which supports the Bureau of Motor Vehicles, and the State License Branch Fund, which supports the Bureau of Motor Vehicles Commission. The Commission operates the 167 license branches throughout the state.

4) *An individual may apply for renewal of several types of licenses by mail or electronic service under certain circumstances.* The estimated fiscal impact for both number 3 and 4 appear below.

were issued. It is assumed for estimating purposes that one-third will renew by mail (403,942). The cost for postage and envelopes is estimated at \$.35. (403,642 x \$.35 = \$141,379.70). The mailing costs consist of mailing the license to the individual. The equipment costs include PCs and are estimated at \$2,000 per employee. The additional personnel are estimated to cost \$26,748 each, or \$106,992. This represents a new effort for the BMV.

5) *Establishment of the State Motor Vehicle Technology Fund.* It provides that \$1 from service charges from various Bureau of Motor Vehicle transactions be allocated to the Fund.

For the BMV, there will be start-up costs estimated at approximately \$51,000, consisting of new manuals, fee charts, and computer changes. The fund affected is the Motor Vehicle Highway Account.

6) *Cross-county vehicle registration in any year.*

The specific fiscal impact will depend upon the extent to which customers of the Bureau of Motor Vehicles (BMV) utilize the new option contained in this bill. Under the assumptions described below, the annual net costs are estimated to be \$19,000 during sticker years and \$95,000 in plate years. First year start-up costs are estimated to be \$90,500.

Background: Currently, customers are able to renew license plates (stickers only) at any self-service terminal in the state, except in plate years when the customer would be issued a new license plate by the BMV. It is assumed in this analysis that any customer who renews a license plate in a different county will receive a temporary plate. The county-designated license plate will be issued and mailed from a central office in Marion county. Temporary license plates cost \$.47 each. Mailing costs for one plate are assumed to be \$1.22 with mailing charges of \$1.50 per plate.

The fiscal impact is based on an initial order of 150,000 temporary plates, with 100,000 additional temporary plates each sticker year and 500,000 in a plate year (which occurs every five years). The next plate year is 2003. The estimated fiscal impact of this proposal is described in the tables below:

Start-Up Costs

Computer Changes In-House	\$20,000
<u>Temporary Plates</u>	<u>\$70,500</u>
Total	\$90,500

<u>Annual On-Going Costs</u>	<u>Sticker Years</u>	<u>Plate Years</u>
Temporary Plates	\$47,000	\$235,000
Mailing	\$122,000	\$610,000
<u>Mailing Charges</u>	<u>(\$150,000)</u>	<u>(\$750,000)</u>
Total	\$19,000	\$95,000

IC 9-29-3-19 allows the BMV to adopt rules to impose or change service charges. Also, IAC 8-3-2 provides

authority for the BMV to charge for the mailing or processing of a license plate registration form in the amount of \$1.50 per plate. Any mailing costs associated with this proposal is assumed to be an item for which the BMV could charge.

7) Elimination of the Bureau of Motor Vehicles Commission and transfer of duties to the BMV or the Commissioner of the BMV.

With the abolition of the BMVC, there will be some minor cost savings associated with the per diem and travel paid to Commission members. Over the last three years, Commission members received \$50 per meeting plus travel reimbursement. This has amounted to approximately \$700 per year, or about \$140 per member per year. The fund affected is the State License Branch Fund which supports the BMVC.

8) Other changes to the administration of the Bureau of Motor Vehicles.

The various administrative changes contained in this part have no fiscal impact.

Explanation of State Revenues: (Revised) *1) Registration of motor vehicles on a staggered basis throughout the year.*

The provision that the registration fee remain the same with no reduction for any partial calendar month will keep revenue collections neutral. Even though some of the registration fees will be collected two weeks earlier due to the staggered registration schedules, these fees are deposited in the Motor Vehicle Highway Account and are not subject to interest earnings.

5) Establishment of the State Motor Vehicle Technology Fund. The bill provides that \$1 from service charges from various BMV transactions be allocated to the Fund.

Annual additional revenues from the \$1 fee are estimated at approximately \$10.2 M. These revenues will be deposited in the State Motor Vehicle Technology Fund. The \$1 fee applies to most license branch transactions. The revenue can be used to acquire computer equipment and software, telephone equipment and software, electronic queue systems, technology services, and other related devices, subject to the approval of the Budget Agency.

7) Abolition of the Bureau of Motor Vehicle Commission and transfer of duties to the BMV or the Commissioner of the BMV.

Revenue is not expected to be affected by the abolition of the BMVC.

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) *1) Registration of motor vehicles on a staggered basis throughout the year.*

Motor Vehicle Excise Tax collections are electronically transferred to each county twice a week by the BMV. This money is normally invested by the county when it is received. Distributions by the county to local units of government are made twice each year, in June and December. If a portion of the Excise Tax payments are collected earlier, counties could earn an additional two weeks worth of interest income on those payments. Branch collections of Motor Vehicle Excise Tax totaled \$362.0 M in CY 1999. If half of the

\$362.0 M were collected two weeks earlier and invested (at 5.65%, the average return for state investments), additional interest income to the counties would total about \$390,000.

(Total Excise Tax proceeds, including state distributions, amounted to \$601.6 M in 1999).

State Agencies Affected: Bureau of Motor Vehicles.

Local Agencies Affected:

Information Sources: Melanie Schwartz, BMV Deputy Commissioner and Director of Vehicle Services, 233-1218; Jane Morrical, Director of Treasury for the BMV, 232-2822.